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WORDPERFECT CORPORATION*

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Overview

Located in Orem, Utah, WordPerfect Corporation (WPCorp) is the fourth largest independent personal computer software company in the United States. Founded in 1979 by Alan Ashton and Bruce Bastian, WPCorp is the leading producer of word processing software for the IBM PC and IBM PC compatible market. With over $100 million in sales, the company currently has an estimated 30 percent of this market.

Registered as a Chapter S Corporation, WPCorp has three shareholders -- Alan Ashton, President; Bruce Bastian, Chairman of the Board; and W. E. Peterson, Executive Vice President. Ashton and Bastian each own 49.9 percent of the company. Peterson has a minority shareholder interest of 0.2 percent.

The company's first product was a word processing program developed by Bastian and Ashton for a Data General minicomputer. Since then, the company has expanded its product line to include word processing, spreadsheet, desktop utility and database management applications. These programs are compatible with a broad range of computer systems.

Annual revenues have more than doubled each year since 1982. Sales in 1987 reached $100.3 million and, based on year-to-date figures for 1988, could double by the end of the year.

Employment growth has been equally notable. In 1982, WPCorp employed 16 people; but by the end of 1987, employment had grown to more than 600 people. Within the first eleven months of 1988 over 500 employees were added. Given the company's dramatic growth in sales, employment may reach 1,200 people by the end of the year. About one-third of WPCorp's employees work in the company's Customer Support Division and respond to customer questions or complaints free of charge.

At the retail level, about 40 percent of WPCorp's customers are large corporations. Smaller organizations account for about 25 percent of retail sales and the remaining 35 percent represent purchases by households. Although the company is diversifying its product line, word processing continues to be the mainstay product.

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By the end of 1988, four buildings of the new corporate headquarters will be finished. Two more buildings are scheduled for 1989. The new office complex is located in the Orem Timpanogos Research and Technology Park and will provide a central location for the company's 25 divisions, presently spread throughout the city. Expansion activities and capital acquisitions are funded entirely by operations.

WPCorp's word processing program is sold in 18 countries; foreign translation of software and the accompanying manual is available in 14 languages. International sales, primarily to European countries, currently account for approximately 20 percent of total revenues.

WPCorp has essentially "grown up" with the industry as did many successful software development companies. Prior to IBM's announcement of the IBM personal computer (PC), word processing was limited to the mainframe environment. With the advent of the IBM PC, the entire computer industry went through a revolution. Rather than designing applications software for a growing number of proprietary computer systems, the IBM PC set a standard for which applications companies could design software. Much of WPCorp's success is the result of this explosion in the PC market. However, that is only part of the story. Many other factors played an important role in the company's success and these are discussed in this article.

Early History

The impetus behind the WPCorp empire began in 1977 with Alan Ashton, a computer science professor at Brigham Young University (BYU). Ashton had conceptualized a simple, yet effective word processing program that was a significant departure from the Wang standard, the most commonly used word processing system on the market at the time. Ashton's program included innovative features such as modeless editing, automatic insert, and a clean screen showing only formatted text that matched exactly what was printed. Although Ashton had conceptualized this new system, he needed to find someone with special programming skills to develop the product.

Bruce Bastian was the band leader and a graduate student at BYU in 1978 working toward a Master's degree in Computer Science. His combined interest in music and computers resulted in an ingenious thesis project. By "tying" three computers together, Bastian designed a computerized marching band in three-dimensional graphics. His creative programming ability caught Ashton's interest, and in 1979 a partnership between the two was formed.

They called the new company Satellite Software International (referred to throughout this article as WPCorp) and located in Orem, Utah. While both had the vision for this revolutionary product, they lacked the financial resources for actual development. Another person, Don Owens, was invited to join the new company. In return for a full partnership position, Owens agreed to secure start-up capital and then later assume responsibility for sales and marketing. Unfortunately, these financial arrangements did not materialize and without a tangible product, the newly-formed partnership dissolved within a few months.

Undaunted, the original founders looked for another way to realize their dream. Within a short time, the ideal opportunity materialized. The city of Orem had purchased a used Data General minicomputer from another Orem-based company, Eyring Research Institute. As a stipulation of the sale, Eyring agreed to provide Orem with word processing capability for the system. However, the company did not have the staff or the resources to develop such a program. Through friends, Bastian learned of Eyring's dilemma and approached the company with an interesting proposition. While on Eyring's payroll, he would develop and deliver a word processing program to the city, but would keep all product development rights to the new system. Eyring accepted the proposal, and Bastian began work immediately. Ashton remained at BYU and continued teaching.

Almost one year later, WPCorp had a viable product. Bastian left Eyring, and together with Ashton, again offered Owens a partnership. Owens agreed to rejoin the company as a full partner responsible for sales and marketing. The first copy of SSI*WP, the product's original name, was sold in October 1980. Later that year, Bastian offered "Pete" Peterson a part-time position doing a variety of odd jobs. Peterson was supplementing his income by stocking shelves at a local grocery store while his custom drapery business faltered. Peterson accepted Bastian's offer but quit the first day after discovering that the new company was in a state of total disarray and headed for disaster. Not only was the firm without a business license, it had no standardized accounting or payroll system. All the financial records had been "filed" for later scrutiny. After a quick assessment, the founders concluded that neither had the business acumen to establish and implement the necessary procedures. Peterson agreed to return under the condition that he assume responsibility for all the firm's financial matters.

Under Owens' direction, sales flourished; his marketing strategies appeared to be working. However, by mid-1981 a serious situation was brewing. With no formalized structure in place, Owens had adopted a "whatever the customer will pay" approach, selling the same software program to each customer for a different price. Word of this practice soon spread, and the founders were deluged with calls from angry customers. Ashton and Bastian quickly formulated a pricing system, made amends with unhappy customers, and seriously considered asking Owens to leave the company. However, the company had no one to replace him.

The Personal Computer Comes of Age

In August 1981, IBM introduced its first PC. Although Apple Computer, along with a handful of other manufacturers already had PCs on the market, IBM's announcement spearheaded a revolution in the industry. IBM's strategy was to develop a PC using an "open architecture" design that was easily copied by other entrants to the market but allowed a high degree of software compatibility. Concurrently, IBM's reputation as the industry leader lent credibility to the concept of microcomputers for individual users. IBM's announcement did not go unnoticed by WPCorp's founders. Early in 1982, development began on a word processing program for the IBM PC. The first product was quietly introduced in October 1982. Despite its late introduction and lack of fanfare, SSI*WP 2.2 sold well and sales revenues reached $1 million by the end of the year.

Unable to reconcile personal differences, Owens was finally asked to leave the company. He conceded on the condition that he keep his stock position. No value was placed on the stock at that time, and Owens agreed to wait until the company stabilized before receiving a stock redemption. This agreement turned out to be a costly one for WPCorp a few years later. Peterson assumed the duties of sales and marketing manager, but within several months passed this responsibility to a young programmer named Dan Lunt.

By the beginning of 1983, demand for personal computers was skyrocketing. IBM had released its own PC, and the IBM "clones" were flooding the market. Within a year, factory shipments of PCs totaled $4.2 billion. The ensuing demand for software, especially word processing software, was enormous. WPCorp responded by introducing three product upgrades. Fueled by an expansion in both the computer hardware and software market, sales for 1983 increased 250 percent.

As sales escalated, so did the company's profits. With a profit margin averaging 30 percent annually, the founders decided to reincorporate as a Sub-S Corporation. This action shifted the tax burden to the individual owners allowing them to keep a larger portion of the profits. They, in turn, plowed most of this profit back into the company. The company also changed its name to SSI Software, in the hopes of changing its image locally. With the word "satellite" in its name, people thought it was an equipment manufacturer and often walked into the office requesting price quotes for satellite dishes.

In 1984, WPCorp created its first spin-off. Until that time, all manufacturing activities were done in-house. Manufacturing in a software firm involves copying programs onto diskettes, then packaging these programs, along with product manuals, for shipment. Typically this is a noisy, dirty process, and created an environment that the founders felt compromised the creative integrity of the firm. This problem was resolved when SoftCopy, Inc. was created. Although WPCorp did not retain a financial interest in the firm, it continued to have SoftCopy, Inc. manufacture its products.

Reorganization

WPCorp has undergone two major reorganizations. The first was the result of the problems encountered after the introduction of WP 4.1. Prior to that release, product development, testing, and some customer support services were the responsibility of one group -- programmers. As revenues increased, more customer support and service was needed. This need became glaringly obvious when the company was receiving customer queries about the availability of new products. Programmers were spending most of their time on the phone instead of on product development. The company had simply outgrown the confines of the existing organizational structure and the first steps toward labor specialization were made. The most important change was in the Customer Support Department. Training was expanded, overall employment was increased, and programmers were phased out of the support and service function.

The second reorganization occurred in 1986. WPCorp was in the position of competing with the "big boys" in the software field. While it was still a small company when compared to Lotus or Microsoft, it was outselling other well-established rival programs like WordStar and Multimate. With employment and sales doubling annually, WPCorp had outgrown its new organization structure, not to mention its office space. By the time the company's sales hit $50 million, the founders

knew it was time for a change. Typically the work environment in early stage computer firms is casual and informal. WPCorp was no exception. In the early years, each potential employee went through an exhaustive interviewing process during which he or she met with top management and at least one of the founders. All new employees had to be approved by every interviewer. In addition, hiring protocols, employee evaluations, wage and salary considerations, and personnel problems were all negotiated informally by the founders. Job descriptions were not well defined -- people did whatever needed to be done. As the company grew, the problems became more complex and the founders could not carry the burdens alone.

A personnel office was established to screen potential employees and policies were implemented that significantly changed hiring and training procedures. All potential employees were required to apply through the personnel office. While programmers were still interviewed by top management, customer service and general office personnel were hired directly by division managers. The training program for new customer service employees was restructured. When the labor force was increasing by two to three people per week, the company was able to provide individualized training. When up to 10 new people per week were being added, this was simply impossible and training was conducted in groups. New levels of management were created in several existing departments, including customer support.

Rapid expansion was taking its toll in another area as well. WPCorp had outgrown its office space and was mushrooming into offices scattered throughout the city of Orem, making communication between divisions difficult. In order to resolve this situation, the company purchased 8.5 acres in the Timpanogos Research and Technology Park in Orem and began construction of a 200,000 square-foot complex in 1986. Before the first phase of the project was complete, WPCorp decided to consolidate its 25 departments in the Research Park and purchased an additional 60 acres. The first four buildings of the facility are scheduled to be completed by the end of 1988.

Capital Sources

WPCorp was "bootstrapped," or started with founders' capital. At no time has WPCorp used venture capital. All initial operating costs were paid either by the founders or with money borrowed from family members. The company's founders have aggressively pursued a fiscal conservatism that has kept the company almost totally debt free.

Seed Money

Traditionally, the software market has been an easy one to enter and just as easy to exit. Much of its appeal stems from this ease of entry combined with the opportunity to make phenomenal returns with a minimal capital investment. Software development is labor intensive and generally does not require substantial capital commitments; more often, the requisites are a computer, a diskette, and a programmer.

Even so, WPCorp's founders were in a unique position. Both continued their employment with other organizations during the early product development process. All the early capital requirements were met by the founders. The initial development work was done on Orem's computer system at no cost to the entrepreneurs; in fact, Bastian was paid by Eyring Research to develop the product, and Ashton continued teaching at Brigham Young University.

Cash Flow Financing

Since its inception, WPCorp has financed its operating expenses and expansion almost exclusively through product sales. The company's start-up costs were negligible, and profit from the sale of the first product covered what few expenses the company did have. As WPCorp grew, only those activities which could be funded with cash flow were undertaken. The result of this mindset has been impressive. From 1982 to 1985 the company's pretax profit margin was 20 percent. In 1986 this ratio rose to 30 percent and is expected to remain at that level for the next few years. In comparison, the industry average, as reported by William Easterbrook, an analyst with Kidder, Peabody & Company, is holding at 15 to 25 percent. How is WPCorp able to maintain such high margins? The answer is twofold. First, it is virtually debt free (the result of the founders' fiscal conservatism); and second, it has a ready supply of low-cost labor.

The financial position of the company has not escaped the attention of potential investors. The company has been approached by a bevy of venture capital groups, but has not explored this alternative.

Product Strategy, Development and Diversification

WPCorp has followed a simple, yet effective product development strategy -- develop an increasingly powerful product for an increasingly broad range of computer systems. This has been a twofold effort. First, the

company continues to upgrade its existing products by adding powerful new features. Second, these products are developed for as many different types of computer systems as possible. Typically, the development of upgrades for the IBM series of computers has taken precedence since it represents the largest installed user base. Upgrades for proprietary computer systems are developed and introduced depending upon the complexity of the system. As each new upgrade is complete, it is provided to the customer for a nominal fee (usually between $40 and $60). To the extent possible, upgrades are introduced at the peak of the existing product's life cycle.

By 1983, WPCorp's sales had reached a respectable $3.5 million but the company was still a relative unknown. Fifteen of the 16 largest software companies were concentrated on the east or west coasts and received a good deal of press from industry analysts. WPCorp was tucked away in the small city of Orem, Utah and went almost unnoticed during its early years. This situation changed abruptly when the company introduced WP 4.0 and WP 4.1, two powerful software programs that set the precedent for all future word processing programs. Product development decisions are market-driven. New product ideas do not originate solely in-house; rather, product development is a blend of internal ideas and external suggestions. On average, the company receives 30 to 35 letters and 75 phone calls each day from customers specifically requesting certain options or new products.

A Leap in Technological Superiority

With the introduction of WP 4.0 in November 1984, the company made a strategic change in its product development efforts and reiterated its commitment to customer satisfaction. While previous product upgrades provided enhanced features, they were typically incremental changes. WP 4.0 was a quantum technological leap. The new program offered automatic indexing, table of contents, and footnoting construction capabilities, and a 100,000-word spelling checker. All these enhancements were easy to use, and were not widely available in other word processing programs on the market.

Almost a year later, the company introduced an even more powerful product, WP 4.1. Again, this new release was a major leap in technological performance, rather than an incremental improvement. The spell checking feature was expanded to check 115,000 words, (one of the largest integrated spellers on the market), a thesaurus with over 10,000 headwords was added in addition to split-screen capabilities (allowing the user to view the document on the top of the screen and the control codes on the bottom half of the screen); and most importantly, it provided a new "undelete" capability. This particular feature caught the eye of computer magazine writers who published unsolicited reviews expounding on the virtues of WPCorp's products. The result was skyrocketing sales, and by the end of 1985, WPCorp's revenues increased to $23 million.

Keep the Customer Satisfied

In a race to get products to market, many software companies introduced programs that were not easy to upgrade because they were poorly-designed initially. As the customer became more sophisticated and demanded a greater number of features, integration of new features in these poorly-designed products was impossible and the companies were forced to redesign the entire program, including the way the software was accessed. This proved to be a strategic mistake. If the new product was significantly different from the existing one and the customer was forced to relearn the entire program, there was a greater incentive for him to evaluate what other companies had to offer. This evaluative process usually resulted in the user switching to another product.

To avoid this very problem, WPCorp took great pains to make 4.0 and 4.1 almost identical in the way they were accessed. Customers were satisfied and the corresponding demand caught the company off guard. Distributors were reporting back orders for as many as 300 copies of 4.1. WPCorp had a backlog of more than 11,000 copies, including upgrades from 4.0. The bottleneck was the printing company. The company had arranged with a local printing company to reproduce product manuals. With hundreds of orders pouring in each week, the printing company ran out of supplies, and it was several months before WPCorp was able to make back-up arrangements with other printers in the area.

Product Development

By the time WP 4.1 was introduced in 1985, WPCorp's products were compatible with 12 different systems including Tandy, Zenith, Texas Instruments, Keytronic, and Apple Computers. WP 4.1 was followed by a minor upgrade, 4.2, a year later. One of the new features of 4.2 was its document annotation capability, and a concordance feature that allows the user to create a list of key words that can be included in an index. It also provided the capability to generate a table of authority, and redline and strikeout functions that were especially appreciated by the legal profession.

In 1987, the company announced that it was developing a product with high-end word processing features and desktop publishing capabilities. When 5.0 was finally released early in 1988, it was immediately crowned the "new benchmark in word-processing." Building upon the powerful base of 4.2, version 5.0 added page layout and documentation composition abilities. Of special importance was its ability to incorporate and integrate work with graphics, typestyles, kerning, and document preview. During the first month of release, WPCorp shipped over 200,000 copies of the new product.

To remain competitive, WPCorp continually re-evaluates its development strategies. Recently, it announced that it could no longer support and would not develop version 5.0 for many of the "incompatible" computer systems, including the DEC Rainbow, TI Professional, Tandy 2000, Zenith Z/100, Victor 9000, NEC APC III, and Apricot.

Product Diversification

By late 1984, WPCorp's founders realized that the word processing market would not continue to expand indefinitely, and other areas of product development were investigated. Satisfied with the company's word processing program, customers had expressed the need for spreadsheet software and database management programs based on a format similar to that of the word processing software. Responding to customer's requests, WPCorp began developing MathPlan, a spreadsheet program (later renamed PlanPerfect) that used a format similar to that of the word processing program. MathPlan, released in 1985, was the company's first venture into software development outside the range of word processing.

Seven products were introduced in 1986; six were upgrades of existing products, the last was a utility program featuring a DOS shell, desktop accessories and programming tools called WPCorp Library. WordPerfect Library was available for the IBM PC and compatible systems, Data General One, IBM Convertible and Data General 32-bit systems. The company also began development work on a database management program. This relational database (DataPerfect) was introduced in December 1987. As word processing software is the company's mainstay, WPCorp has made a concerted effort to introduce a version for every major computer system currently on the market and is in the process of developing a product for the recently introduced Operating System/2.

Presently, WPCorp sells seven different product families. These are: (1) WordPerfect (word processing program), (2) PlanPerfect -- A full featured spreadsheet with integrated graphics and database capabilities, (3) DataPerfect -- A structured relational database management program, (4) WordPerfect Library -- A utility program featuring a DOS shell, desktop accessories and programming tools, (5) P-Edit (a program editor for Data General computers and IBM computers), (6) WordPerfect Executive -- A spreadsheet analysis, word processing, and data management program for the laptop computer, and (7) WordPerfect Office -- an office automation program that combines electronic mail, phone messaging, calendar, scheduler, and notebook. A complete listing of WPCorp's products appear in Exhibit 1.

Marketing

WPCorp has two separate marketing arms -- one that serves the domestic market and another for the foreign market. The domestic division is under the jurisdiction of Dan Lunt and covers the United States. Bruce Bastian heads up the international activities, covering everything outside the country. Approximately one-third of the company's labor force is involved in marketing activities.

Domestic Market

WPCorp's products are available throughout the U.S. Forty percent of the company's customer base consists of large corporations such as Ford Motor Company, Merrill Lynch, Chrysler Corporation, and Texaco, Inc. Although the company places advertisements in national computer magazines and participates in distributor cooperative advertising campaigns, much of the advertising is still "word-of-mouth."

Marketing/Advertising Efforts

In its early years, WPCorp's marketing efforts were aimed at organizations with mainframe systems that needed word processing capability. Product sales were made through personal contacts, cold calling, and customer recommendations. Formal advertising efforts began in April 1982 when the company placed its first national advertisement in *Data Base Monthly*. This ad, and all ads placed until late in 1983, were targeted at the Data General computer user who wanted word processing capability for the Data General minicomputer. However, the PC market showed the most promise, and in order to increase its market share, WPCorp needed a higher profile. In the latter part of 1983, advertisements were placed in national computer magazines including *PC World, InfoWorld*, and *PC Magazine*. The first ads were developed in-house, and are considered by the company to have had little impact on sales. Later, the company

Exhibit 1

Product Development Matrix
WordPerfect Corporation

1982	1983	1984	1985	1986	1987	1988
WordPerfect 2.2 - IBM PC/series **P. Edit** - Data General(16 bit)	**WordPerfect 2.22** - IBM PC/series **WordPerfect 2.24** -IBM PC/series **WordPerfect 2.30** - IBM PC/series **WordPerfect 2.30A** - IBM PC/series - Sterns - TI - Victor - Zenith **WordPerfect 3.0** - Apricot - DEC/Cripple - IBM PC/series - Tandy - TI - Victor - Zenith	**WordPerfect 4.0** - Apricot - DEC - Generic Network - IBM PC/series - NEC - IBM 3270 - Tandy 2000 - TI - Zenith/Network - Victor/Network	**WordPerfect 4.1** - Apricot - Apricot Network for the blind - DEC - NEC APC - HP Portable Plus - Hyperion - IBM/Network - IBM 3270/Network - Keytronic - Data General One - Tandy 2000 - TI/Network - Victor/Network - Zenith **WordPerfect 1.0** - Apple IIe/IIc **PlanPerfect 2.0** - Data General One - IBM PC/Series - Victor	**WordPerfect 4.2** - Apricot - DEC - HP Portable Plus - IBM/IBM XT 286 - NEC APC - Network - Tandy/2000 - TI - Victor - Zenith - IBM 3270 - IBM Convertible - IBM PCjr. - Data General One **WordPerfect 4.05** - Data General (16-bit) **WordPerfect 4.08** - VAX/VMS **WordPerfect 1.1** - Apple IIe/IIc - Apple IIGS **WordPerfect 2.0** - Apple IIGS **PlanPerfect 2.1** - Data General One - IBM Convertible - Victor **PlanPerfect 2.11** - Data General (16-bit) **PlanPerfect 3.0** - IBM PC/Series **WordPerfect Library 1.0** - Data General One - IBM Convertible - Victor - Data General (32 bit)	**WordPerfect 4.1** - Amiga - Atari ST **WordPerfect 1.1** - Franklin 2100-2200 **WordPerfect Executive** - IBM PC/Series - IBM Convertible - Data General One - Toshiba T1100+ - Toshiba T3100 - NEC Multispeed - Compac Portables - Zenith **P. Edit 4.05** - Data General (32 bit) **PlanPerfect 3.0** - Data General One - IBM 3270 **DataPerfect 2.0** - IBM PC/Series - IBM 3270 **WordPerfect Library 1.1** - IBM PC/Series -IBM XT 286	**WordPerfect 5.0** - IBM PC/Series - Compatibles **WordPerfect UNIX 4.2** - AT&T 382 - AT&T 6382 - NCR Tower 32 - Sun 386i - HP9000 (300 series) - Pyramex - Motorola - Micropoint 386 - SCO Xenix 386 **WordPerfect 4.2** - VAX/VMS - Data General **WordPerfect 1.0** - Apple Macintosh **PlanPerfect 3.0** - VAX **WordPerfect Office 2.0** - IBM PC/Series - IBM PC compatibles - VAX **WordPerfect Office** - Data General **WordPerfect Library** - Amiga **WordPerfect Library 2.0** - IBM PC/Series - IBM PC compatibles

turned to "reference" or testimonial advertising. This testimonial approach, according to the marketing director, was a highly successful tactic.

Word-of-Mouth Advertising Still Dominates

Advertising expenditures are kept to a minimum. The company has assumed a "pay-as-you-go system" that bases advertising expenditures on a percentage of product sales. In 1983, the company spent 10 percent of sales revenues on advertising. That percentage was reduced to 6 percent of sales in 1984 and 1985 and reduced again in 1986. The current advertising budget sits at 2 percent of sales, or approximately $160,000 to $200,000 per month. Advertisements in national computer magazines represent the largest single advertising expenditure. An additional $200,000 per month is available under a distributor cooperation program sponsored by the company. Under this program, WPCorp offers distributors a choice between free shipping, or co-op funds. If a company opts for the co-op plan, WPCorp will match the advertising expenditures of the company up to a prearranged percentage of the total sale.

There are no plans in the immediate future to increase advertising expenditures. According to the marketing director, the correlation between dollars spent for advertising and subsequent product sales is a tenuous one and increased spending for advertising will not result in proportional increases in product sales. Word-of-mouth advertising, in the form of customer recommendations and unsolicited reviews in national magazines, is still the primary source for new customers, accounting for as much as 60 percent of product sales.

WPCorp has not made a practice of selling to the end-user. Instead, the company has worked through a distribution network selling its products through retail dealers and distributors. Although potential customers have not been turned away, those who choose to purchase directly from the company pay the full retail price.

Program upgrades are handled in just the opposite manner. The Orem office contacts all registered users of its products when an upgrade becomes available. The customer then orders and purchases that upgrade directly from WPCorp in Orem.

Simple Marketing Philosophy

"Develop a quality product and then service it!" This motto reflects not only the corporate philosophy, but is the driving force behind WPCorp's marketing strategy. To this end, the company is actively pursuing one strategy in particular that runs counter to prevailing trends in the industry, that is, providing extensive customer support at no charge.

No software company in the industry comes close to matching the level of customer support that WPCorp provides. At a time when most of the principal software manufacturers are either charging for customer support or not providing such service at all, WPCorp has expanded its division to the point that customer support personnel constitute approximately one-third of the labor force. The Customer Support Department is a group of highly trained individuals who specialize in handling customer questions, complaints, and suggestions quickly and efficiently over the telephone, or through written correspondence. Members of the group have a thorough knowledge of the company's products and are familiar with each product's particular computer system. This service is provided to the user at no charge. A toll-free phone number is provided for all PC products. On average, the Customer Support Department receives 3,600 to 3,800 calls per day; however, with the introduction of its latest word processing program, 5.0, this number increased to 10,000 calls daily. By fostering goodwill, this service encourages users to consider other WPCorp products.

International Market

WPCorp's first step in the international market was taken in 1981 when Bastian received a telephone call from the Finland distributor of Data General's computer system requesting a copy of WPCorp's word processing software translated in Finnish. Bastian flew to Helsinki and quickly translated the software, adapting it to Finnish standards (including adjusting the margins, page lengths, and style of date).

Despite the success of this project, almost two years elapsed before the company was able to commit the resources to develop an international presence. Rather than establishing an office in each foreign country initially, Bastian met with foreign affiliates and distributors of computer products and offered them the opportunity to distribute WPCorp products. Each foreign entity was responsible for the translation and distribution of the program. In addition, they were to provide support and service to customers in their respective region. In 1987, WPCorp decided to expand its international presence, and opened its first official foreign office in West Germany. Later that year, four new international corporations to sell WPCorp's products internationally (WPCorp Spain, WPCorp Holland, WPCorp France, and WPCorp Belgium). During 1988, two new offices were established

in Australia and Scandinavia. These corporations function independently of the Orem-based company. Presently, the company markets its products through these offices and through distributors in Brazil, Canada, Denmark, Finland, Hong Kong, Iceland, Japan, Mexico, and the United Kingdom. Approximately 20 percent of WPCorp's revenues come from overseas customers.

Sales

WPCorp's marketing strategies are working. The company's sales have increased by more than 100 percent annually since the release of WPCorp for the PC market. By the end of 1987, the company's sales revenues topped $100 million. Based on the success of 5.0, sales are already on their way for another giant leap in 1988.

Exhibit 2

WordPerfect Corporation Sales
Selected Years

1980	$ 450,000
1981	850,000
1982	1,000,000
1983	3,500,000
1984	9,300,000
1985	23,000,000
1986	52,200,000
1987	102,000,000

Source: WordPerfect Corporation.

Employment Profile

By November 1, 1988, approximately 1,100 people were on WPCorp's payroll. However, the company's labor force increases daily and may reach 1,200 by the end of December. All but 64 employees work in Utah. Out-of-state employees work to foster dealer/distributor relations throughout the country. The Utah labor force can be categorized into three main divisions; product development and testing, customer support, and marketing. Although the educational requirements in each group vary, 80 percent of the labor force has either an undergraduate college degree or post graduate degree. The remaining 20 percent have at least two years of post high school education.

The company has no production component. All production-oriented activities are contracted out to firms in the Orem area. The non-technical element of the labor force includes customer support, testing personnel and clerical employees. The technical element includes product and program development personnel. This latter group is comprised primarily of computer programmers.

The company does not actively recruit on any campus outside the state, and between 90 and 95 percent of employees have been hired from Utah's labor pool. The remaining 5 to 10 percent hail from all areas of the U.S. Many are native Utahns who want to return to the state. Turnover at the company averages about 6 percent annually.

Employment growth, in actual numbers, has been most phenomenal during the past two years when the company added approximately 800 new people to the payroll. According to the Personnel Director, the areas that will see the most rapid expansion are product development and customer support.

Exhibit 3

WordPerfect Corporation Employment
Selected Years

1982	16
1983	48
1984	85
1985	199
1986	310
1987	600
1988[a]	1,100

a Reflects employment through November 1988
Source: WordPerfect Corporation.

Non-Technical Personnel

Excluding administrative functions, the non-technical component of the company includes the customer support group and some program testing personnel. Employment in these two areas accounts for almost one-half of WPCorp's labor force. The characteristics and labor components of each area are discussed here.

Customer Support

With over 400 employees, the Customer Support Department is the largest single non-technical component of the company's labor force and is considered to be the entry level position for non-technical employees. From this group, people can move to other areas such as program testing,

documentation, and occasionally product development. An employee in Customer Support is required to provide technical information for end-users and dealers of WPCorp products. More than half of the employees in this group are BYU students, and student's spouses. The salary range is from $1,200 to $2,200 per month depending upon the individual's previous experience and education. Because it is an entry-level position, and given the basic composition of the work force, turnover in this group is about 30 percent annually. The company requires a one-year minimum commitment to the position.

Product Testing/Documentation

Many employees in product testing come from the Customer Support Department. The rigorous training program that employees must complete in Customer Support, combined with on-the-job work experience makes this a natural transition. Activities in this division include testing new product releases and updates and product documentation. Employees in this group also help employees in the customer support group reproduce customer problems and subsequently provide answers to these problems. For positions in this area, the company requires college-level training and previous work experience. Turnover in this group is substantially lower than in customer support simply because the composition of the labor force is different. Though these positions are better paying, they are also filled by employees who have gone through the weeding-out process and who view the position as more than a short-term assignment.

Availability of Non-Technical Personnel

To date, the company has easily met its non-technical labor requirements. The entry-level positions in customer support are filled with students, or student's spouses from the nearby university. Product testing positions are filled with motivated employees who want added responsibilities and better pay. Other non-technical, professional positions are sometimes filled with MBA graduates or other social science graduates. However, the company is reluctant to hire graduates from these disciplines because "they think the world owes them a living," and beginning salary expectations are much higher than the company is willing to pay.

Technical Personnel

The Product Development Group is the key technical component of WPCorp's labor force carrying out the R&D functions. These R&D activities take two forms; the first is new product development, and the second is product enhancement. The academic requirements for this group are the most stringent in the company. WPCorp looks for only those computer science students with the highest grade point averages, the most impressive academic achievements, or substantial work experience. Computer programmers represent approximately 20 percent of the labor force.

The Product Development Group is separated into five divisions representing different computer platforms supported by WPCorp's products. The five divisions are as follows:

PC Division -- With 50 employees, this is the largest division of the group and develops products for the IBM PC, PC/XT, PC/AT, PCjr., IBM 3270, OS/2 and all IBM PC compatibles.

Data General Division -- Has 20 employees who develop products for the Data General (DG) line of computers including the DG mainframe AOS/VS 16-bit and 32-bit system.

Macintosh Division, Amiga Division, and Atari Division -- These divisions are grouped together and employ a total of 50 people. The products developed by this division include software for the Apple IIe, IIc, and IIGS systems, software for the Amiga computer line, and software for the Atari computer line.

VAX Division -- The division employs 30 people who develop software for all VAX/VMS-based systems including Digital Equipment Corporation's 8974 and 8978 machines.

UNIX Division -- This is WPCorp's newest division. WordPerfect for UNIX systems is designed by this group. The most recent product release (WordPerfect 4.2) supports the AT&T 3B2 and NCR Tower 32 lines. Other implementations include the SCO Xenix 386, Microport 386, AT&T 6386, and Sun 3 machines.

WPCorp's programmers receive salaries that are competitive with those paid by other companies in the software industry. Although salaries vary depending upon the individual's skill level, the average salary is above $24,000 and with the company's bonus incentives, in some instances, can reach $100,000.

Wage and Salary Trends

Typically, WPCorp pays new employees less than industry average, but the high producers are given more responsibility and are promoted more quickly than would

be the case in other firms. Not only does this policy act as an incentive, it also weeds out unproductive employees. Bonuses are another performance-based reward. In addition to providing an incentive, this strategy insulates the company from laying off employees in years when profits are low because the wage component is too high.

Recruitment

WPCorp Corporation does not actively recruit on any campus or in any state. Nonetheless, the company is receiving between 100 and 200 applications and resumes each week. Given the close proximity of BYU and the absence of similar job opportunities in Utah County, the non-technical positions have been easily filled. On the other hand, rapid expansion is requiring the addition of new technical people (specifically those with mainframe experience) who are becoming harder to find without an active recruitment program in place.

WPCorp is looking for the brightest computer science graduates, as is every other computer software and hardware manufacturer in the country. Typically, these graduates do not search out a company, instead, companies search for them. The absence of a recruitment program puts WPCorp at a disadvantage in vying for the talents of bright people. Another problem facing the firm is the shortage of computer science graduates with mainframe experience. According to the personnel director, the universities in Utah are not graduating students with the type of mainframe experience and background needed and the company may have to go outside the state to find people with such skills.

Higher Education and Vocational Programs

Higher education plays an important role in providing WPCorp with an abundant labor supply. BYU is the source of a significant number of employees in Customer Support and subsequently Product Testing and Documentation. The university is also a prime supply source for the technical and professional needs of the company. Outside of providing a labor source, interaction between the two organizations is limited.

Vocational education plays a much smaller role. The company does require that its employees have at least two years of post high school education which could include, but is not limited to, vocational training.

Why Utah?

Simply put, WPCorp was established in Utah because the founders lived and worked in the state. However, the company could have succeeded anywhere and over the course of the past eight years, has had ample opportunity to relocate. So why stay in Utah? Many of the reasons given are typical -- ready supply of labor, low cost of living, and quality lifestyle. In addition, Utah offers locational advantages that are unique -- Brigham Young University, a low profile, and a solid religious environment.

Availability of Labor

Utah has an abundant supply of well-trained people. With three large universities, the state graduates more students each year than there are jobs to fill. This situation is exacerbated by the fact that many people, both natives and non-natives alike, enjoy the quality lifestyle and clean environment Utah offers. Combined, these two components result in a well-educated labor force at an overall labor cost that is somewhat below the national average. An added advantage for WPCorp is its location in Orem, where labor costs are generally even lower than in Salt Lake City.

Utah -- A Low Profile in the Software Industry

Interestingly, one of the early locational advantages of Utah for WPCorp was the state's low profile. Hardly considered a hotbed of software activity, the company was largely unnoticed by industry analysts for the first few years -- a situation that allowed WPCorp to break into the market without the same scrutiny given software firms in areas such as California or Massachusetts. By the time WPCorp hit the market full-force, a solid customer base was established with a fully developed product that differed significantly from other software products on the market.

Brigham Young University

Brigham Young University has been and will continue to be an important factor in the WPCorp success story. Although there is no formalized interaction with BYU on an academic level, the university is a primary source of employment at all levels of technical expertise for the company. Close to 75 percent of WPCorp's labor force are either BYU graduates, students, or spouses of students. BYU students and spouses of students comprise over 50 percent of the employment base in the company's Customer Support Department. Technical people come from the ranks of the university's computer science department and non-technical professionals (primarily MBA graduates) from the business school. Finally, WPCorp's proximity to BYU has kept recruitment efforts and expenses to a minimum.

The Role of Religion

WPCorp's employees are a homogenous, close knit group of people committed to the precepts of the Mormon religion. Both of the founders are members of the Mormon Church, and their management styles, work ethics, and corporate philosophies reflect their religious convictions. These attitudes are echoed by the employees, a significant number of whom share these convictions, forming an extremely cohesive work force that is easily supplemented by people in the Provo/Orem area. The religious tenets prohibit drinking and smoking, habits that have been proven to adversely affect worker performance. Executives of the company feel this strong religious commitment has resulted in lower absenteeism rates and higher productivity levels than would be found in areas outside the state.

Disadvantages

Utah has its disadvantages as well. A primary disadvantage to the founders is the state's high personal income tax rate. Increases or changes in the rate of personal income tax is especially significant for the company's founders given the firm's Sub-S status. Instead of paying the corporate tax rate, the principals are required to claim the profits as personal income and must pay the personal income tax rate which they feel is too high. At one point, prior to the tax increase in 1987, the founders considered decentralizing the Orem operations by relocating out of the state, but upon more careful consideration, decided against the move.

Another potential disadvantage is presently a benefit, that is the strong influence of the Mormon culture. While this culture discourages many of the bad habits that ultimately affect employee performance, it also sends out a message to non-Mormons that they may not feel comfortable living or working within the confines of such a culture. The company is already having difficulty filling its highly specialized positions from Utah's work force and if its present growth rate continues, recruitment outside the state may be necessary. While not a pressing issue at present, the religious influence of the surrounding area may act as a deterrent in recruiting outside talent.

Future Issues

The very success that made WPCorp a highly profitable organization is taking its toll. The company is growing from a small, cohesive group of people committed to similar goals and objectives to a large, more bureaucratic and segmented environment. It is increasingly difficult for the company to preserve its "down home, small town" environment, to help the new recruits "catch the feeling" of what the company is trying to achieve. It has been said that a new employee entering the firm today would view WPCorp as "just another large company."

Labor is another issue that WPCorp must grapple with. A good deal of the company's success can be attributed to its high degree of customer support. Part of the reason the company has been able to provide this service is the availability of low cost labor in Utah County. In recent months, new firms have announced intentions of establishing facilities in the area and are offering substantially more money for jobs similar to those in WPCorp's Customer Support Department.

Continuing growth has forced the company to again evaluate its organizational structure and to specialize even further. The Customer Support Group is a prime example of one change. Until a month ago the group was managed by one person. This large division has now been divided into seven divisions representing each of the computer systems for which the company develops products. Each smaller division has its own manager who reports to the supervisor. All other personnel in the department report to a group manager. As the company continues to grow, further organizational refinements and policy formalization will be undertaken.

Conclusion

By all definitions, WPCorp is a proven player in the software industry. With sales topping $100 million in 1987 (and estimated to rise to close to $200 million in 1988), it is the leading maker of word processing software in the world. By the end of 1987, total units sold since the company's inception topped 1.195 million; word processing units account for almost 90 percent of that figure and are still the company's primary source of revenue. The obvious question is how long can WPCorp sustain this exemplary growth rate. The software industry is burgeoning. By 1990, some industry experts predict the software market to hit $127 billion. With such a staggering growth rate, and the relative ease with which companies can enter the market, industry competition will intensify. While WPCorp has created a prominent niche for itself in the area of word processing, it will need to further broaden its product line to maintain this position over the long run. This will be no small feat, as the company is competing with the likes of Microsoft, Inc. (presently has 20 percent of the word processing market), Lotus Development Corporation (the established leader in

the spreadsheet market), and Ashton-Tate (holds the dominant position in the database software market).

WPCorp's success story is an unusual one. In eight years the founders of WPCorp Corporation have created a software company with 30 percent of the market for word processing software. Possibly the single most significant contributing factor to this success was the phenomenal growth in demand for computers, especially the demand for IBM PC and PC compatible machines.

The rapid expansion of the computer industry acted as a catapult for the company's word processing software. As sales of personal computers increased, demand for software increased accordingly. WPCorp's founders had developed a product superior to anything else on the market, and with their programming skills, modified the program for use on the PC machines. By offering extensive customer service and support, the company strengthened and expanded its customer base.

Although the company's story is one that could be repeated in any part of the country, a Utah location played an integral role in the firm's success. Perhaps the most important locational advantage for WPCorp has been the company's proximity to Brigham Young University (BYU). Not only did BYU provide an employment opportunity for Ashton during the initial start-up phase of the company, it has provided an abundant pool of highly educated employees at a reasonable cost.

While WPCorp may serve as a role model for other fledgling software firms, it will be an experience that is not easily duplicated. The computer industry has "grown up" over the past ten years and is dominated by three or four large companies. Even with sales of $100 million in 1987, WPCorp trails Lotus Development Corporation by $275 million and Ashton-Tate Corporation by $170 million. Furthermore, Ashton-Tate's word processing program, Multimate, is gaining popularity and with 12 percent of the word processing market, could pose a threat to WPCorp in the future.

Utah Business Statistics

UTAH DATA	July 1987	July 1988	% Change From Year Ago	12 Month Average This Year	12 Month Average Last Year	12 Month Average % Change
Total Personal Income (seasonally adjusted) (mil. of dol.) (qtly.)	19,171	NA	NA	NA	18,566	NA
New Corporations (no.)	447	413	-7.6%	469	442	6.1%
New Car, Truck and Motorhome Sales (no.)	5,417	NA	NA	NA	5,470	-19.1%
Agriculture						
Average Prices Recorded by Farmers (dol.)						
Beef Steers and Heifers (cwt) (thous.)	63.50	64.70	1.9%	66.13	60.70	8.9%
Lambs (cwt)	74.80	55.40	-25.9%	68.11	70.82	-3.8%
Milk Wholesale (cwt)	11.40	10.80	-5.3%	11.59	12.03	-3.7%
Alfalfa Hay, Baled (per ton)	71.00	75.00	5.6%	72.33	64.67	11.9%
Cattle Slaughtered (live weight) (thous. of lbs.)	45,148	45,846	1.5%	45,211	39,686	13.9%
Construction						
Total Construction (thous. of dol.) 1	167,236	113,840	-31.9%	115,746	126,598	-8.6%
Residential	56,418	63,365	12.3%	47,586	55,396	-14.1%
Nonresidential	52,185	12,883	-75.3%	41,402	41,392	0.0%
Public Works and Utilities	58,633	37,592	-35.9%	26,793	29,809	-10.1%
Total Permit Construction (thous. of dol.) 2	96,045.6	68,515.0	-28.7%	76,891.9	98,824.1	-22.2%
Residential	48,270.7	37,251.0	-22.8%	34,717.2	50,473.0	-31.2%
Nonresidential	31,761.0	13,962.2	-56.0%	28,076.5	34,895.5	-19.5%
Additions, Alterations and Repairs	16,013.9	17,301.4	8.0%	14,098.9	13,452.6	4.8%
New Dwelling Units (no.)	663	528	-20.4%	486	793	-38.6%
Employment						
Civilian Labor Force (thous.)	751.5	743.0	-1.1%	755.2	757.9	-0.4%
Total Employed Persons	705.4	708.8	0.5%	713.5	709.8	0.5%
Unemployed Persons	46.1	34.2	-25.8%	41.7	48.1	-13.3%
Percent Total Labor Force	6.1	4.6	-24.6%	5.5	6.4	-13.4%
Employees on Nonagricultural Payrolls (thous. of jobs)	634.6	650.6	2.5%	646.6	636.8	1.5%
Manufacturing	92.9	97.3	4.7%	95.0	90.9	4.6%
Mining	7.9	8.5	7.6%	8.3	7.7	7.3%
Contract Construction	28.5	26.0	-8.8%	24.7	29.0	-14.8%
Transportaion, Communication and Utilities	37.8	39.2	3.7%	38.4	37.5	2.4%
Wholesale Trade	34.8	34.8	0.0%	34.9	35.4	-1.4%
Retail Trade	117.2	119.2	1.7%	118.1	117.8	0.3%
Finance, Insurance and Real Estate	34.5	34.2	-0.9%	33.8	33.5	0.7%
Services 3	148.6	157.2	5.8%	151.9	142.8	6.4%
Federal Government	39.8	39.5	-0.8%	39.5	40.2	-1.9%
State Government 4	35.5	36.3	2.3%	37.6	38.0	-0.9%
Local Government 5	57.2	58.4	2.1%	64.4	63.7	1.2%
Average Weekly Hours						
Manufacturing	40.3	40.6	0.7%	40.3	39.6	2.0%
Mining	41.2	43.0	4.4%	42.6	41.2	3.3%
Wholesale Trade	39.3	38.3	-2.5%	38.0	37.7	1.0%
Retail Trade	29.0	29.0	0.0%	28.1	28.1	-0.2%
Amount of Unemployment Compensation (thous. of dol.)	6,282.3	4,011.1	-36.2%	6,244.9	8,729.1	-28.5%
Finance						
Savings, Savings and Loan Association (mil. of dol.)	2,470.4	2,434.0	-1.5%	2,368.4	2,432.9	-2.7%
Tax Collections by the State of Utah (thous. of dol.)						
Total Tax Collections	56,443.4	48,104.6	-14.8%	148,412.4	130,578.7	13.7%
Sales and Use Tax	13,085.4	8,609.3	-34.2%	50,728.6	46,931.6	8.1%
Motor Fuel Tax	2,417.3	879.5	-63.6%	10,651.8	7,984.2	33.4%
Individual Income Tax	24,384.0	17,810.8	-27.0%	52,724.9	45,131.5	16.8%
Corporation Franchise Tax	4,556.2	2,703.0	-40.7%	5,691.6	5,247.5	8.5%
Production						
Net Electric Power Utilized (mil. of kwh)	1,187.3	1,325.2	11.6%	1,196.0	1,125.0	6.3%
Crude Oil to Refineries (thous. of bbls.)	4,065.0	4,540.6	11.7%	3,965.8	3,920.3	1.2%
Crude Oil (thous. of bbls.)	3,023.9	2,764.5	-8.6%	2,873.1	3,027.5	-5.1%
Natural Gas (mil. of cu. ft.)	21,718.1	21,623.1	-0.4%	23,170.0	20,458.1	13.3%
Coal (thous. short tons)	1,250.0	1,336.0	6.9%	1,529.8	954.1	60.3%
Tourism/Travel						
Air Passengers (total no. on and off) (S.L. Int'l Airport)	1,010,460	994,221	-1.6%	852,104	840,812	1.3%
Highway Traffic Count Across State Lines	51,815	NA	NA	NA	38,134	NA
Transient Room Taxes (thous. of dol.)	559.5	74.9	-86.6%	491.6	476.6	3.2%
Visits, State, Nat'l. Parks, Monuments (thous.)	2,242.0	2,338.8	4.3%	1,075.3	1,027.5	4.6%
Utilities						
Telephone Lines in Service (Mt. Bell) (Residential)	477,566	486,273	1.8%	484,900	476,966	1.7%
Telephone Lines in Service (Mt. Bell)(Nonresidential)	175,914	181,044	2.9%	178,767	172,864	3.4%
Electric Customers (Residential)	469,772	471,233	0.3%	475,864	468,172	1.6%
Electric Customers (Commercial)	46,201	46,911	1.5%	46,473	45,977	1.1%
Natural Gas Customers (Residential & Commercial)	442,329	456,191	3.1%	453,897	442,368	2.6%
Natural Gas Customers (Industrial)	557	546	-2.0%	547	562	-2.6%

Utah Business Statistics

UTAH DATA	July 1987	July 1988	% Change From Year Ago	12 Month Average This Year	12 Month Average Last Year	12 Month Average % Change
Davis County						
Non-Ag. Employment (thous.)	52.5r	52.9fo	0.8%	52.2	52.6	-0.8%
Unemployment Rate	5.4r	4.1	-24.1%	4.8	5.2	-8.1%
Auth. Permit Construction (thous. of dol.)	9,364.5	9,429.5	0.7%	10,057.9	14,291.8	-29.6%
New Dwelling Units (no.)	87	62	-28.7%	73	130	-43.6%
Postal Receipts (thous. of dol.)	310.7	391.2	25.9%	379.8	NA	NA
Electric Customers (Residential)	47,374	48,041	1.4%	47,848	46,551	2.8%
Electric Customers (Commercial)	3,285	3,659	11.4%	3,375	3,258	3.6%
Natural Gas Customers (Residential)	48,585	50,247	3.4%	49,722	47,966	3.7%
Natural Gas Customers (Industrial)	52	53	1.9%	52	52	0.5%
Telephone Lines in Service (Mt. Bell)(Residential)	55,189	55,363	0.3%	54,995	54,326	1.2%
Telephone Lines in Service (Mt. Bell)(Nonresidential)	10,663	11,399	6.9%	10,990	10,364	6.0%
Salt Lake County						
Non-Ag. Employment (thous.)	330.7r	335.4fo	1.4%	336.0	332.2	1.1%
Unemployment Rate	5.3r	4.3	-18.9%	5.1	5.5	-7.5%
Auth. Permit Construction (thous. of dol.)	44,939.8	25,253.0	-43.8%	34,386.4	47,952.2	-28.3%
New Dwelling Units (no.)	216	180	-16.7%	177	328	-46.1%
Postal Receipts (thous. of dol.)	6,222.3	7,718.7	24.0%	7,745.4	7,049.7	9.9%
Electric Customers (Residential)	235,524	238,592	1.3%	238,362	234,536	1.6%
Electric Customers (Commercial)	19,981	20,317	1.7%	20,224	19,695	2.7%
Natural Gas Customers (Residential)	215,558	219,329	1.7%	219,119	215,829	1.5%
Natural Gas Customers (Industrial)	240	236	-1.7%	235	248	-5.3%
Telephone Lines in Service (Mt. Bell)(Residential)	226,175	229,635	1.5%	228,847	225,283	1.6%
Telephone Lines in Service (Mt. Bell)(Nonresidential)	110,001	111,235	1.1%	110,473	109,137	1.2%
Utah County						
Non-Ag. Employment (thous.)	71.9r	74.3fo	3.3%	75.1	72.7	3.3%
Unemployment Rate	6.4r	4.0	-37.5%	5.2	7.4	-29.2%
Auth. Permit Construction (thous. of dol.)	15,164.1	10,537.5	-30.5%	10,784.2	11,446.6	-5.8%
New Dwelling Units (no.)	113	67	-40.7%	66	96	-31.8%
Postal Receipts (thous. of dol.)	798.3	1,228.4	53.9%	1,045.9	928.1	12.7%
Electric Customers (Residential)	50,451	51,912	2.9%	52,987	50,356	5.2%
Electric Customers (Commercial)	6,275	6,009	-4.2%	6,003	6,334	-5.2%
Natural Gas Customers (Residential)	59,342	61,183	3.1%	61,147	60,040	1.8%
Natural Gas Customers (Industrial)	68	65	-4.4%	68	69	-1.8%
Telephone Lines in Service (Mt. Bell)(Residential)	61,027	63,612	4.2%	63,845	62,378	2.4%
Telephone Lines in Service (Mt. Bell)(Nonresidential)	18,534	19,836	7.0%	19,526	17,508	11.5%
Weber County						
Non-Ag. Employment (thous.)	60.5r	60.9fo	0.7%	60.8	60.3	0.8%
Unemployment Rate	7.7r	4.9	-36.4%	6.2	6.9	-9.7%
Auth. Permit Construction (thous. of dol.)	8,451.8	4,715.5	-44.2%	7,157.3	9,228.4	-22.4%
New Dwelling Units (no.)	106	41	-61.3%	52	75	-30.1%
Postal Receipts (thous. of dol.)	530.9	618.9	16.6%	636.8	622.6	2.3%
Electric Customers (Residential)	52,736	53,404	1.3%	53,275	52,471	1.5%
Electric Customers (Commercial)	4,822	4,912	1.9%	4,904	4,795	2.3%
Natural Gas Customers (Residential)	48,564	49,553	2.0%	49,418	48,725	1.4%
Natural Gas Customers (Industrial)	86	82	-4.7%	84	85	-2.0%
Telephone Lines in Service (Mt. Bell)(Residential)	45,987	46,538	1.2%	46,207	45,734	1.0%
Telephone Lines in Service (Mt. Bell)(Nonresidential)	11,026	12,007	8.9%	11,519	10,751	7.1%

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Sources:

Personal Income:	Bureau of Economic Analysis, U.S. Department of Commerce.
New Corporations:	Utah Secretary of State.
New Car and Truck Sales:	Utah State Tax Commission, Economic and Statistical Unit.
Agriculture:	U.S. Department of Agriculture, Agriculture, Utah: Utah Crop and Livestock Reporting Service.
Construction Data:	F.W. Dodge Statistics and Utah Construction Report, Bureau of Economic and Business Research.
Employment Data:	Utah Department of Employment Security.
Savings Information:	Utah Savings and Loan Institutions.
Tax Collections:	Utah State Tax Commission.
Net Electric Power Utilized:	Cooperating Utah power companies
Crude Oil Production:	Area oil refineries.
Natural Gas Production:	Utah Department of Oil, Gas, and Mining.
Coal Production:	U.S. Department of Energy.
Air Passengers:	Salt Lake City International Airport, Statistics Division.
Highway Traffic Count:	Utah Department of Transportation.
Visits to State and National Parks and Monuments:	U.S. Forest Service, Utah State Parks and Recreation Department.
Utilities Data:	Cooperating Utah utility companies.
Postal Receipts:	Postmasters in Davis, Salt Lake, Utah and Weber Counties.

Footnotes:

1 Obtained from F.W. Dodge Statistics.
2 Obtained from Utah Construction Report.
3 Includes services by nonprofit and religious organizations.
4 Includes public schools and college institutions.

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BETHESDA, MARYLAND 20814

NATIONAL DATA	July 1987	July 1988	% Change From Year Ago	12 Month Average This Year	12 Month Average Last Year	12 Month Average % Change
U.S. Gross National Product (seasonally adjusted) (bil.) (qtly.)	4,568.0	4,899.5	7.3%	4,721.4	4,387.2	7.6%
Total Personal Income (seasonally adjusted) (bil. of dol.)	3,778.6	4,071.3	7.7%	3,953.0	3,660.1	8.0%
Industrial Production Indexes (seasonally adjusted) (1977=100)	130.6	138.1	5.7%	134.3	126.9	5.8%
Total Non-Farm Bus. Expend. on New Plants & Equip. (bil.) (qtly.)	393.1	440.4	12.0%	416.2	379.8	9.6%
Index of Leading Indicators (1967=100)	190.9	192.5	0.8%	191.7	185.6	3.2%
Price Indexes						
Consumer Price Indexes (not seasonally adjusted) (1982-84=100)						
CPI-U (All Urban Consumers) All Items	113.8	118.5	4.1%	116.2	111.6	4.2%
CPI-U (All Urban Consumers) Food & Beverages	113.7	118.8	4.5%	115.8	111.9	3.4%
CPI-U (All Urban Consumers) Housing	114.7	119.1	3.8%	116.7	112.6	3.6%
CPI-U (All Urban Consumers) Transportation	106.0	109.8	3.6%	107.5	102.8	4.6%
CPI-U (All Urban Consumers) Medical Care	130.7	139.3	6.6%	135.0	127.0	6.3%
CPI-U (All Urban Consumers) Energy	91.1	91.4	0.3%	89.3	85.7	4.2%
Producer Price Index (not seasonally adjusted) (1982=100)						
Producer Price Index, All Finished Goods	106.0	108.5	2.4%	106.6	104.2	2.3%
GNP Price Deflator (1982=100) (qtly.)	118.2	122.3	3.5%	119.7	116.1	3.1%
Civilian Employment (seasonally adjusted)						
Total Civilian Labor Force (mil.)	119.9	121.6	1.4%	120.9	119.0	1.6%
Total Civilian Employment (mil.)	112.7	115.0	2.0%	114.0	111.2	2.5%
Unemployment Rate	6.0	5.4	-10.0%	5.7	6.6	-13.4%
Construction						
Total Construction (mil. of dol.)	24,567.3	21,379.4	-13.0%	20,646.7	20,450.2	1.0%
Residential	11,441.1	9,912.2	-13.4%	9,679.6	9,901.4	-2.2%
Nonresidential	8,552.5	7,594.9	-11.2%	7,064.0	6,910.2	2.2%
Non-Building	4,573.7	3,872.3	-15.3%	3,757.4	3,638.6	3.3%
New Dwelling Units (no.)	146,245	119,100	-18.6%	121,277	135,433	-10.5%
Interest Rates						
Short Term (3-month Treasury bill rate)	5.78	6.73	16.4%	6.09	5.53	10.1%
Long Term (30-year Treasury bond yields)	8.70	9.20	5.7%	8.78	8.06	9.0%
Prime Rates Charged by Banks on Short-term Business Loans (ave.)	8.25	9.29	12.6%	8.75	7.73	13.1%
Mortgage Rates (new homes)	9.01	8.80	-2.3%	8.81	9.21	-4.3%

Sources: Business Conditions Digest, U.S. Department of Commerce: U.S. Gross National Product, Total National Personal Income, Industrial Production Indexes, Total Business Expenditures for New Plant and Equipment, Index of Leading Indicators, GNP Price Deflator, National Employment Data, Interest Rates.

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